

REFERENCE TITLE: **standard income tax deductions; amounts.**

State of Arizona  
House of Representatives  
Forty-eighth Legislature  
First Regular Session  
2007

## **HB 2165**

Introduced by  
Representatives Miranda: Alvarez, Rios P, Tom

**AN ACT**

**AMENDING SECTION 43-1041, ARIZONA REVISED STATUTES; RELATING TO INDIVIDUAL INCOME TAX DEDUCTIONS.**

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 43-1041, Arizona Revised Statutes, is amended to  
3 read:

4 43-1041. Optional standard deduction

5 A. A taxpayer may elect to take a standard deduction as follows:

6 1. In the case of a single person or a married person filing  
7 separately, the standard deduction shall be ~~four thousand fifty~~ FIVE THOUSAND  
8 FOUR HUNDRED FORTY-FIVE dollars, subject to subsection G of this section.

9 2. In the case of a married couple filing a joint return or a single  
10 person who is a head of a household, the standard deduction shall be ~~eight~~  
11 ~~thousand one hundred~~ TEN THOUSAND EIGHT HUNDRED NINETY dollars, subject to  
12 subsection G of this section.

13 B. The standard deduction provided for in subsection A of this section  
14 shall be in lieu of all itemized deductions allowed by section 43-1042 which  
15 are to be subtracted from Arizona adjusted gross income in computing taxable  
16 income, but not in lieu of the personal exemption allowed by section 43-1043.

17 C. The standard deduction shall be allowed if the taxpayer so elects,  
18 and the department shall by rule prescribe the manner of signifying such  
19 election in the return.

20 D. In the case of a husband and wife, the standard deduction provided  
21 for in subsection A of this section shall not be allowed to either if the  
22 taxable income of one of the spouses is determined without regard to the  
23 standard deduction.

24 E. The standard deduction provided for by subsection A of this section  
25 shall not be allowed in the case of a taxable year of less than twelve months  
26 on account of a change in the accounting period.

27 F. Under rules adopted by the department, a change of an election to  
28 take, or not to take, the standard deduction for any taxable year may be made  
29 after the filing of the return for such year. If the spouse of the taxpayer  
30 filed a separate return for any taxable year corresponding, for the purposes  
31 of subsection D of this section, to the taxable year of the taxpayer, the  
32 change shall not be allowed unless, in accordance with such rules, both  
33 paragraphs 1 and 2 of this subsection apply:

34 1. The spouse makes a change of election with respect to the standard  
35 deduction for the taxable year covered in such separate return consistent  
36 with the change of election sought by the taxpayer.

37 2. The taxpayer and spouse consent in writing to the assessment,  
38 within such period as may be agreed upon with the department, of any  
39 deficiency, to the extent attributable to such change of election, even  
40 though at the time of the filing of such consent the assessment of such  
41 deficiency would otherwise be prevented by the operation of any law or rule  
42 of law.

1           G. For each taxable year beginning on or after January 1, the  
2 department shall adjust the dollar amounts prescribed by subsection A,  
3 paragraphs 1 and 2 of this section according to the average annual change in  
4 the metropolitan Phoenix consumer price index published by the United States  
5 bureau of labor statistics. The revised dollar amounts shall be raised to  
6 the nearest whole dollar. The designated dollar amounts shall not be revised  
7 below the amounts allowed by the standard deduction in the prior taxable  
8 year.

9           Sec. 2. Retroactivity

10           This act applies retroactively to taxable years beginning from and  
11 after December 31, 2006.